

# The Freeman

*A Monthly Critical Journal of Social and Economic Affairs*

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At the time I write, Europe is trembling on the brink of an Imperialist war, the magnitude and consequences of which no man can calculate. The root cause of this impending conflict is land acquisition for the purpose of alien exploitation.—Viscount Snowden (in his letter to the Henry George Congress, September 1935).

## Elijah, Go To Work

One night last month I was telling Albert Jay Nock how difficult it had become to make people understand the full implications of a free economy. How even after they had read several books of Henry George there still lurked in their minds the thought that some regulation of man by that undefined divinity, the State, was necessary, even beneficial. How the tentacles of collectivistic thought have so fastened themselves on the public mind that there seemed, to me at least, no hope of freeing it.

Perhaps Mr. Nock detected a despairing what's-the-use-of-it-all. For he said: "Remember the story of Elijah. You can't quit."

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I read the story of Elijah. The prophet had got into a rumpus with Ahab, a king of Israel who had forsaken Jehovah for Baal, apparently at the behest of his heretical wife, Jezebel. The theological controversy led to much murder. In fact, all the other prophets of Israel were slain. And Elijah, the only one left, felt so despondent over the whole affair—and particularly because the children of Israel had forsaken the truth for a false god—that he ran away into the wilderness, and he asked the Lord to take his life too. "For I am not better than my fathers."

Elijah had quit—quit cold on his job. But the Lord (or was it that inner voice that pipes up when we go haywire?) wouldn't let him. He told Elijah to get back to his work, gave him some directions, and convinced him with this

argument: "I have left me seven thousand in Israel, all the knees which have not bowed unto Baal, and every mouth which hath not kissed him."

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So, those are the ones we are working for—"the seven thousand" who never have and never will accept the modern Baal of regimentation. Where are they? Only the Lord knows, for we find some in high places and some in low places. Among the Sanhedrin and among the unlearned, in the pent houses and in the ditches dwell the seekers of truth. Who are they? The half of that mystical two per cent who reply to our circulars and have the predilection for freedom that prompts an honest inquiry of its philosophy.

\* \* \*

When our friends and loved ones snicker at our enthusiasm, when our publicans and our literati proclaim the supremacy of Baal, when the hungered mob roars out its liturgy of slavery, when the powerful preach the doctrines of more power and more privilege—when, indeed, the struggle for freedom seems most hopeless, let us remember the Lord's "seven thousand." Though we know them not, they will come to us, and be of us, because they are the saving Remnant who throughout time have been the prophets of truth.

So, out of the wilderness, Elijah, and get to work!

## Harlequinism

THE QUADRENNIAL All-American propaganda circus is under way. The side shows have pitched their tents, under one of which exhibitions of the legal freak of New York have already begun. Rivaling this unique slayer of sinister unsocial snakes of the modern Sodom are a number of other attractions raucously proclaiming their more than money's worth for the people's votes.

Lusty Bridges, granitorial senator from New Hampshire, riding an anti-New Deal chariot gilded by two young and wealthy Republicans who share his hate for the present tax collectors of Washington, does a stentorian stunt from the "Rock-bound Coast to the Golden Gate." Fish, of New York, than whom there is no whomer in the matter of being one hundred per cent, has headlined his show: "Keep America out of the War." Vandenberg, as ruggedly individualistic as the plutogogues of Michigan and the Republican Party will permit him to be, leads a cacophonous band in the rendition of "Liberty (for Us)." A funny-man from Rochester, N. Y., yclept Frank Gannett, has started entertaining with Anglophile jokes in his editorial columns. In another tent the dignified son of a former president of ponderous proportions holds forth with promising platitudes. There are more side shows in the offing.

And so, the big tent of the Republican Party, for which these minor attractions are in training, promises to be a many-ringed circus. As for the rival show next June, preparations are in abeyance because its maestro has not yet announced whether or not its attraction will be a one-ringed affair with himself as the sole performer. Since he is both "angel" and producer, the chafing clowns who are thus being restrained from even rehearsing their stunts must await the crack of his whip.

In ordinary circuses there are many funny quips. But in this one big show, that is, the culminating performance next November, all the antics of all the performers in both parties are singularly uniform in their fun-provoking motif. This, briefly, is the "snapper" of all the jokes: "Vote for me because

I know best how to spend your money for you."

In the past the joke had some wit because the successful candidates spent only a small portion of our money for us. We could laugh at the gibe at our expense because it didn't cost us much. But nowadays they propose to spend our money for many things that we used to buy for ourselves, and did pretty well doing it. The present prospect is that we will be electing clowns who undertake to provide for us, with our hard-earned money, nearly everything from our first diaper to our ultimate coffin. They won't leave to us the pleasure of making mistakes and getting mad at ourselves for making them.

Yes, it's the taxing power they're all after. And to get it they assure us, each of them, that for the wise use of this taxing power he and he alone is divinely gifted. We listen, we are thrilled, we believe one or the other. And then the laugh is on us. For the taxing power never was, never can be and therefore never will be wisely used. Because, to begin with the power to tax is folly. Nobody knows better than we do what desires we have, how we shall spend our wages to gratify these desires.

Would there be any circus, would the welkin ring so loudly, would the mock bombast of election campaigns disturb our sense of decency, if the political power of taxation were abolished? If we could get behind the scenes we could hear these circus clowns laughing at us—and he who is elected laughs loudest.



## Responsibility for Finland

A POLITICAL ENTITY cannot be described as either moral or immoral. Ethical standards apply only to persons, for they are based upon the behavior of individuals living in the social order. To speak of Roman cruelty, for instance, as if it were a characteristic of the empire and not of Romans, is nonsensical. For the State, or any other collective entity, is a man-made robot, without sentience, and therefore without will. Hence, it is impossible to apply standards of conduct to the State per se; judgment on acts ascribed to it must be reserved for the individuals whose will is reflected in these acts.

Indeed, it is often the desire of individuals to escape moral opprobrium for their behavior that prompts the formation of legal entities to which the responsibility for their unsocial acts can be directed. Corporate bodies—no matter how they may be justified as commercial expedients—have been found quite difficult to deal with in matters of moral behavior, merely because of the principle of limited responsibility. The expression "a corporation has no soul" illustrates the point.

Nor has a State any soul. The essential of any definition of this idea-entity is that it consists of a group of men who decide upon acts which affect the environment of the people living within a given political subdivision of the globe. Such acts may be moral or immoral, according to prevailing standards; but judgment cannot be made on the State, which is merely a dialectical convenience, a handy word to describe a concept which has no objective existence. Those who must be judged for the results of acts are the individuals in whom resides the power to initiate such acts.

That theory is involved in the idea of democracy. When the environment created by the acts of politicians in whom power temporarily resides proves unsatisfactory to the electorate, judgment to that effect is recorded in the ballot box and the individuals who composed the State are removed from power. Responsibility is placed on individuals. The failure of democracy is not due to any weakness inherent in its method, but only in the ignorance of the electorate: we actually get the "kind of government we deserve."

As the State grows in size, as it assumes more power, its responsibility to the electorate must correspondingly become less. For since the electorate

consists primarily of workers whose main occupation must be the production of things to satisfy their desires, watchfulness over the politicians becomes more difficult as the scope of their activities becomes wider and more complicated. The individuals constituting the State also seek satisfactions, including that of their own vanity, and find that these satisfactions are more pleasantly obtained by taxing production than by producing. Therefore they strive to perpetuate and strengthen their position by enlarging their range. The moral responsibility of the politicians for their acts is conveniently ascribed to the State. Sometimes it is called "the system."

Eventually the power of the State—that is, of the politicians—becomes so great that it ceases to be responsible to the electorate. In the totalitarian states this inversion results in the disappearance of the electorate, and the politicians become responsible only to themselves—or rather to the one politician whose personality typifies their corporate power. Moral responsibility then resides in one person—but by the time he appears, the electorate has disappeared. He is not answerable; he is the power.

Stalin—not communism—is the man who is murdering the Finns. Stalin—not stateism—is the man who would rob them of their homes and their possessions. Stalin—not a system—is responsible for the destruction visited upon a peaceful, industrious people. Stalin and his gangsters are the culprits.

But Stalin and his confederates are the State. The abysmal ignorance of the Russians, together with their abject poverty and the moral degradation resulting from centuries of stateism, made possible his quick usurpation of power.

In America it would take a long period of in-

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creasing decadence before a Stalin could appear. But the process whereby the power of the State increases at the expense of the people has set in. Unless the cause for poverty—and, which is more demoralizing,

the fear of poverty—are eradicated, the process will be accelerated. For a poor people becomes a hopeless people, and a hopeless people becomes easy prey to the cupidity of political adventurers.

## Thyssen Tells a Tale

THE OPINION has somehow got abroad that

Fascism was invented by the plutocrats as a bulwark against Communism, whereas sufficient evidence has disclosed that these "shirt" movements were essentially middle-class supported. The numerical strength of these semi-capitalistic collectivism came from the very poor, the hopelessly enslaved economic group. But the merchants and the small manufacturers, the professional and "white collar" brigades, ardently fell in line when the threat of being depressed into the lower brackets faced them. It was hoped that a system of governmental regulation might keep them from complete proletarianism, which the decaying economies of Italy and Germany threatened.

The middle classes, unaware that privilege is robbing them of their possessions and their position, seek for themselves some privilege which will save them from disaster. They sense that all privilege stems from government. It is therefore to government they turn for help. Note how in this country merchants' and manufacturers' associations maintain in Washington and in the state capitals lobbies demanding legislation from which they hope to derive profit.

It is obvious that government cannot give any group an advantage except at the expense of other groups, that every disadvantage thus arising must reduce, through taxation, the purchasing power of the taxed, and that this increased load of government must reduce purchasing power. But all this is conveniently overlooked for the immediate advantage gained by a pressure group. The guiding principle is always to "get while the getting is good."

Every privilege given by government strengthens government. More and more groups demand help, more and more citizens are willing to barter their independence for a "mess of pottage." And government feeds on the power thus gained.

As this power grows the needs of government increase. Having no source of income save taxes, the monster reaches out in every direction for more

taxes to satisfy its insatiable hunger. Eventually it must gobble up the very groups which came to it for help.

Last month the newspapers reported that Fritz Thyssen, who in early Nazi days gave Hitler invaluable financial support, had exiled himself from Germany. This prominent industrialist, who lent aid to Nazism probably out of a hope that it could be controlled for the benefit of industrialists, now finds his industry expropriated, his tenure of life made uncertain, by the very system he helped create.

Fascism, in which the form of private capitalism is retained, is the open sesame to State capitalism, or communism. Thyssen found that out. Americans with fascist leanings may profit by his example.

## Milady's Chapeau

LAST MONTH the Federal Trade Commission published (at public expense) a report of its study of the hundred-million dollar millinery industry in the United States.



MILADY'S HAT OF 1968  
(Govt. No. 3,710,438)

The commissioners discovered what every laundress always knew: "Millinery has no intrinsic value at all." Is the value of anything intrinsic? Isn't the value of anything what it will bring in the market?

A few weeks after headgear is brought out as a new thing, the report reveals, it may be an old hat. Marvellous discovery! However, it was made when Eve had a social rival, some years ago, and she needed no ponderous report to help her divine this fact. As soon as there were two women in the world the desire for hats was unlimited.

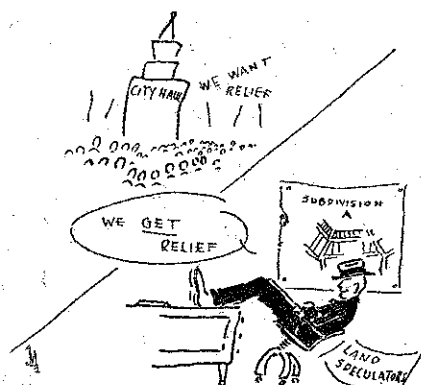
Which, of course, is a difficulty for all planners. And another thing the proponents of blueprint economy find difficult to cope with is that by some mystic process a gratifier springs into being every time a new desire expresses itself. Millinery, in which no substantial capital is required (New York City, which makes 56 per cent of the country's female headgear, has an estimated total of \$1,000,000 invested in it) seems to give birth to an unlimited number of millinery manufacturers. "The failure of one concern results in the formation of three or

four new concerns." With little capital, socialists please take note, "owners, salesmen and factory workers of the firm which goes out of business . . . start new factories of their own."

There is one way out of this dilemma. Require all women to wear square hats, of a dimension that will fit all heads, of specified fabrics, at an angle of 27 degrees off the left ear. And they must be blue—the hats, not the ears. Or, make it green shawls; that's simpler. Any woman who disobeys the order is a saboteuse, not a lady.

## The Truth About Ohio

THE SOB-SISTERS of the press poured out their front-page hearts with tales of dire poverty in Ohio last month. "Cleveland, the city of the hung-



LAND WITHOUT PEOPLE IS A WILDERNESS,  
MEN WITHOUT LAND ARE A MOB.

— JAMES J. HILL

ry" fired 16,000 persons off home relief. The unemployed became, by law, "employables." All the city could furnish its unwanted population was apples and flour, and only for one week. Photographs of sunken-eyed mothers with their under-nourished children pointed up the stories, one of which ended up with:

"They are hungry. Something is being crushed out of them, in the dreadful hovels of Superior Avenue in which they sit and wait. Some last touch of human dignity is going; while Ohio poises for that leap into a future in which it will have to concede the permanency of relief."

Some of the news hawkers said something about the cities in Ohio being limited by their tax laws in the amount of "relief" they could finance. But none that came to our attention explained these laws.

In 1910, Ohio, under the guidance of reactionary Governor Judson Harmon, passed a law limiting the tax on real estate to one per cent. This "economy" law met with great favor among farmers and villagers—to say nothing of city land speculators—for the one per cent tax on their real estate was sufficient to meet the expenses of the limited social services required by these sparsely settled communities. At least, these mental backwoodsmen were satisfied to get along without more services, while the possibility of holding on to their practically untaxed land until increasing population would make it valuable, was a cherishing thought.

In the centers of population, however, it is simply impossible to get along without proper sewerage, fire protection, streets, and some modicum of educational facilities. To meet such necessary expenses, (and the usual political graft and wastefulness), bond issues were resorted to; a bond issue must be authorized by 65 per cent of the voters. But bond issues mean a further burden on the resources of the city; so the tax on real estate was increased to permit the amortization and interest payments on these bonds. In Cleveland today the tax on real estate is 3 per cent—two-thirds of which revenue goes to the bond holders, who are, in the main, the land-owners. Thus, most of the two per cent tax permitted for amortization and interest payments ultimately returns to the "tax payers," while only the statutory one per cent is used for the needs of the city.

In 1929 the Ohio State Legislature magnanimously increased the real estate tax to one and one-half per cent, but a constitutional amendment passed in November 1933 revoked this law and restored the one per cent limitation. A three per cent sales tax was passed. The land speculators were in complete control of the situation.

It is easy to see why Ohio is bankrupt, why the cities are unable to care for those thrown on relief by the very law which put them on relief—the law which made it easier for land speculators to hold the source of jobs out of use. But the prize package of the situation is the way Cleveland solved its problem of feeding its indigent population—for a time at least. The city sold a million dollars' worth of tax-delinquency bonds.

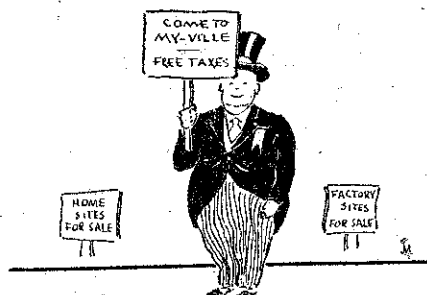
Now a tax-delinquency bond is a mortgage on the city's power to collect taxes which have not been collected. In other words, even the miserably low

taxes levied on land in Cleveland are not always paid—they become delinquent. In order to meet payments on these new bonds the city will probably have to foreclose on the delinquent properties. But, if the land speculators of Cleveland are as clever as they are in New York and other parts of our "free" country, the foreclosure proceedings will probably be found so expensive as to make the recapture of these properties prohibitive.

The story is getting too involved. We had better quit now, before we go into the low land value assessments in Ohio.

## Exodus From New York

THE HIGH WAGES received by garment workers in New York are driving garment firms out of the city at such a rate that the mid-town garment



center "will soon look like a series of Grant's Tombs"—according to a prominent realtor testifying at a hearing of a New York State legislative committee. The remedy he suggested was an adjustment of wage scales. Nothing was said about an adjustment of rental charges.

The exodus of manufacturers from New York—with which the writer is familiar, having been instrumental in encouraging it twenty years ago—is not due to any differential in wages. For the same degree of skill, the same quantity and quality of output, laborers in New York are paid no more than in other cities. The worker whose skill qualifies him only for cotton picking in the South—that is, a strong back—will get the same net wages as a rag picker in New York. Keep in mind the word "net."

The higher wages received by some workers in New York are due to higher skills only. True, there may be workers in other places—say, nearer the margin of production—who have innate productive ability equal to that of better paid New

York workers. But wages are paid out of production, and inherent ability has no market value; it must be expressed in production before it can claim remuneration. The saying that "the small town boy makes good in the big town" merely means that in the more highly-g geared productive capacity of a big city does the small town boy's inherent ability find opportunity for expression. The bank cashier in a town of five thousand may be able to handle more accounts; but there are no more accounts in the town. Therefore his wages are correspondingly limited. In a New York bank he would have to develop the skill necessary to its requirements to hold a job.

The exodus of manufacturers from large cities to small cities is to some extent due to the interference with the management of business by dictatorial union leaders. But unions, and their methods, are in themselves an effect, not a cause, of economic maladjustment. Since union leaders are not economists, it is hardly to be expected that they would know the cause for low net wages in New York in spite of the high scales which they try to impose on industry. All about them they see monopoly methods being used to obtain wealth without production; so they adopt monopoly methods. But wages cannot be raised by force, or by law. Only by increased production can the level of wages be raised, and the net wages to labor can be increased only by removing the peculations of politicians, through taxes, and of monopoly interests, through speculative rent.

The net wages of the New York worker are determined by the net wages of the workers at the margin. When manufacturers move from New York to smaller cities they do pay lower money

wages. But the unit of cost of production is the same, not only because of the lower skills of "country" workers, but also because of the cost of training workers, the greater labor turnover, and the higher overhead costs resulting from distance from the market.

Just a simple instance. A clothing factory situated 150 miles from New York had to keep a five-hundred-dollar stock of needles on hand at all times. In New York they need not keep any needles on hand, for there is always a supply store around the corner. Interest on needles is an overhead cost—and it must be remembered that the needle is the smallest item in the maintenance of a clothing factory.

When skills in "country" shops are developed to a degree comparable with the skills of big city workers the demand for more wages is quickly expressed. But, are these "country" workers any better off after they get their well-earned raises? No. And for the same reason that the New York worker with the high wage scale is no better off. The cost of living goes up correspondingly. Suddenly the fatter pay envelope brings about an increase in rent for his dwelling. The household budget begins to feel the pinch of rent in the cost of food, raiment and entertainment. The net wages—the amount of satisfactions which the money wages can buy—remain the same.

Why, then, do manufacturers leave New York? Mainly because of free rent or free tax inducements offered to them by small town real estate boosters. The coming of a large factory to a small town means, for a time at least, an influx of workers, and a corresponding increase in land values. That is what the booster is looking for: more rent. The manufacturer gains, for a time at least, the overhead cost of rent or taxes, or both, but not wages. There are minor, non-economic advantages, which also result—such as temporary freedom from union irritations—but these are inconsequential.

No New York manufacturer—particularly one engaged in the highly styled garment industry—would pioneer with "green" help if the same rent-free or tax-free inducements were offered to him in the greatest market in the world.

## Inter-City Tariff

AN ARTICLE in this issue treats of the growing tendency toward inter-state tariffs. A White Plains (N. Y.) ordinance now being tested in the courts) prohibits any fuel truck from driving through the city without a license. Manhattanites,



riding in the subway, may soon expect to be held up "at the border" under the East River, have their luggage inspected, their citizenship questioned, and an immigration tax imposed. Manhattan land-owners would like that.

## What Petsamo Means

WAR IS THE ORIGINAL MEANS for acquiring land. It is by no means antiquated.

Interspersed with the record of martial events in Finland recently was an item of basic significance. Thirty miles southwest of the port of Petsamo, the center of vicious fighting, is the Petsamo mine, owned by the International Nickel Company of Canada, Ltd. The acquisition of this mine by Josef Stalin will enable him to make inroads into Britain's virtual monopoly of the metal.

Canada produces 88 per cent of the world's nickel, and Caledonia 6 per cent. The rest, about 8000 tons a year, comes principally from Russia and Germany. These two countries possess the smelting and refining methods. They could use a large supply of high-grade ore, such as that at Petsamo.

So, in the names of communism, democracy or what-not, men are sent forth to slaughter one another in order that one monopoly group or the other may acquire ownership of another piece of the world's natural resources. Is England's kindly interest in the fate of Finland entirely idealistic?

To Almost War Make Peace Profitable.



# Beware The Haunting Spectre

By HARRY GUNNISON BROWN

"A spectre is haunting Europe—the spectre of communism." In these words, almost a century ago, Marx and Engels began the famous COMMUNIST MANIFESTO. And their concluding words were: "Let the ruling classes tremble at a communistic revolution. The proletarians have nothing to lose but their chains. They have a world to gain. Workingmen of all countries, unite!"

Since these words were penned, ninety-one years have passed, nearly a century of peace and war, of suppression and inequality and exploitation, of monarchy and republicanism and "democracy" and tyranny, of trade rivalry and tariffs and colonization and partition. And now the spectre is no longer a spectre only. It has taken form. It is embodied in a great nation,—the United States of Soviet Russia. With the support of the Soviet armies, yet with little resistance, it has swept over a large part of what, for twenty years, has been Poland. It is threatening the states that ring the Baltic Sea. It is feared in the Balkans. If the war now on continues until war weariness weakens the prestige of the property-owning Germans, it may easily engulf Germany. And what, then, of (say) the British aristocracy! And if these nations succumb, what, eventually, of the United States of America?

The tremendous inequalities in property ownership and in income within the so-called democratic states—to say nothing of the fact that many of the largest incomes have no demonstrable relation to desert or to productive contribution—must certainly be the cause of considerable discontent. Such discontent may be not altogether conscious and not very vocal. It may be latent rather than active. Yet it does undoubtedly make the "democratic" states far more vulnerable to communist propaganda than if there were greater equality of opportunity; and it probably makes them more liable to col-

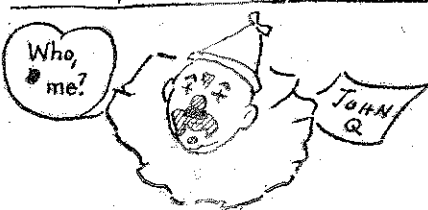
lapse in a long and exhausting war. For why should not millions of the poor easily conclude that communism would be better, for them at least, than the capitalism they know,—a capitalism in which they are but tenants or laborers, "ill fed, ill clothed and ill housed," with relatively small chance of a better future, and in which recurrent depressions make them periodically dependent on private charity or public relief? And especially, why should they not, in the last extremity of war distress, decide that for them capitalism is not really worth fighting for?

Capitalism as it might be—but, unfortunately, not as it is—would be, I think, beyond any reasonable doubt, the economic system best adapted to promote both the freedom and the economic welfare of the common run of folks. For capitalism as it might be would reward men on the basis of their efficiency, thrift and consequent productive contribution and would so tend to stimulate the virtues of efficiency and thrift; yet it would give far greater equality of opportunity than now and, especially, would put men on an equality with reference to natural resources and community-produced site values. Capitalism as it might be would have no place for the gaining of income by unfair business methods or by monopolistic prices or by disruptive changes in the purchasing power of money or by charging others for permission to make use of the resources of nature and for community-produced location advantages. The gaining of income by charging others for natural and com-

munity-produced advantages can be prevented, while maintaining the capitalistic system of industry, only through public appropriation (presumably by taxation) of the annual rental value of natural resources and sites. And to appropriate this rental value would make possible the abolition or—at least—the very great reduction of the present heavy tax penalties on industry, efficiency and thrift. Men would be free to produce without being penalized as they now are for doing so and they would be free to use the natural resources and sites which are now, in effect, monopolized through speculative holding.

It might be supposed, by an inquirer sufficiently naive, that the unpropertied and poorer sections of the population would eagerly and enthusiastically support these essential reforms in the capitalistic system and that, therefore, communism would have no appeal for them. But the unpropertied and poorer people are the very ones who have had least opportunity for education and for whom careful discrimination among the elements and factors of our economic life is most difficult. They are the very ones who will most easily and naturally attribute the evils of our economic life and their own inadequate incomes and precarious employment to "capitalism" as such or "the profit motive" or "the capitalists." To many of them the essential distinction between income from land and income from capital is not easily made clear. That income from capital is an added product of industry made possible by the capital and that the capital is itself made possible by saving; that, therefore, those whose saving has made the capital possible are not robbing the workers when they receive a return on their capital; that, however, natural resources and location advantages are not due to individual work or thrift; and that privileged private income from these sources, as well as the speculative holding of

LAUGH, CLOWN, LAUGH!



land out of use, does involve robbing the workers,—all this is not easily grasped by people whose intellectual background is pretty much limited to the tabloids and the movies. It is intellectually a lot easier just to conclude that "the boss (capitalist) don't pay me what I earn."

And so, a large section of the population in every "democratic" and capitalistic country is likely to be, under favorable circumstances, quite responsive to communist propaganda. The owning classes in (say) Germany and Great Britain may well tremble for the future of the capitalistic system if, with a long and exhausting war, the masses have also a reasonable chance to absorb such propaganda.

Perhaps the only way to stave off communism would be for the possessing and educated classes to make a studied effort to clarify these distinctions as to sources of income and to reform capitalism along the lines above suggested. But this is something very few of the propertied and

educated classes seem to be interested in doing. On the contrary, most of these are apparently opposed to any such reform of capitalism, and they will defend as violently—perhaps even with greater heat—the "right" to derive tremendous incomes through the exclusive control of natural resources, including subsoil deposits and power sites, and through collecting great rentals from community-produced location advantages, as they will defend the enjoyment of income from capital which would not exist at all except for the individual thrift which the income rewards.

The Russian leaders assure us that Russia will remain neutral in the present war. Perhaps the Russian trade agreement with Germany has been made with a sidelong glance by the communist leaders at the possibility of prolonging German resistance until all the warring countries are discouragingly ripe for a proletarian revolution and the establishment of communism. And if communism and communistic propaganda

engulf Western Europe, how long shall we escape? For without leadership among the propertied and educated classes in fundamental reform, without, therefore, a truly disinterested leadership by persons in these classes, there must apparently be a choice between the unfreedom of a regimented communism and the inequality of an exploitive capitalism. And what security have the propertied classes that communism will not be the choice of the discontented masses? The aristocracy of Russia were confident, too, in their day, that the Czarist régime would continue. Will conservative supporters of the status quo among us be equally determined to block fundamental ameliorative reform until reform is no longer possible and until only revolution will satisfy a raging Nihilist mob? Will our conservatives rather risk the eventual adoption of the communism they profess to dread and to hate than work to get us a decent and self-consistent capitalism?

## The Captains of Industry

The Great Army set out to take the Kingdom of Heaven by force. There was none to guide it, and none cared for his fellow, so that the regiments fell upon each other, and in the camp there was rest neither day nor night.

Therefore the strong made themselves Captains. The soldiers did not choose them, nor did the Great King commission them, but each one appointed himself, and they whom power, and cunning, and chance favored, became the Leaders. And often they wandered from the way and always the Army followed them.

The Captains used the Army in their private quarrels; nevertheless they exacted tribute from the Soldiers. "For," said they, "are we not taking care of you?"

The Soldiers were ignorant and foolish; but they made schools for themselves, and the Captains encouraged them, for, thought they, "Education will make them better fighters."

Some of the Soldiers said, "These wars are not our wars." And the

Captains ordered their comrades to shoot them for mutineers.

Then they harried their neighbors till they left in the border nothing but earth and sky. Yet they did not find the Kingdom of Heaven.

Nevertheless, the Army marched on, and came to a pleasant land where the earth brought forth abundantly. Each Captain took for himself all the land he could fence about. And hunger and crime and want and misery settled among the Soldiers.

Then one arose and cried: "It is written, Seek ye first the Kingdom of God and His Justice." The Soldiers listened and said: "That means that we should choose good leaders." Still they made Captains from those whom cunning and choice had brought forward, and the Captains made themselves rich.

When war harassed the legions from without, and strife harassed them from within, the poor soldiers said, like you and me: "We must go yet a long march to the Kingdom of Heaven."

BOLTON HALL.

## Aid for Industry

"All government ought to be helping industry to its feet." So said Attorney General Murphy last month.

Perhaps government might help industry to its feet by getting off its chest.

## They Said It

Benjamin Franklin: There never was a good war nor a bad peace.

Thomas Jefferson: War never decided any question of right or wrong.

Gen. Fred D. Grant: I do not know of a war for the last 300 years that was caused by a soldier or by a soldier's ambition. All wars have economic causes.

## Praise from England

The Freeman: I like your little paper very much. Its policy is impeccable.—John E. Grant, Surbiton, Surrey, England. Mr. Grant is the author of "The Problem of War and Its Solution."

# Technocracy Has the Answer!

By HUGO W. NOREN

The other day a friend handed me three pamphlets on Technocracy. After reading them carefully I confess I do not understand Technocracy; which gives me the right to oppose, criticize and denounce it. From this reading my conception of what Technocracy is can best be described in words common to communist writers. It is: A Historic, Gigantic, Super-Colossal System of Communist Bookkeeping. The word "historic" does not properly belong, but communists use that word not to denote merely a record of past events, but also as something having force to influence events to come; and as a mouth-filler to lend importance to what they write.

Now let the Technocrat state it:

"Technocracy states that the basic metrical relationships which are involved in the next most probable state of society on this Continent are the factors of energy conversion or efficiency and the rate of conversion of available energy of the mechanism as a functional whole in a given area per time unit."

Very interesting introduction. Sounds good, whatever it is. Maybe we'll find out.

"Technocracy points out that this Continent has the natural resources, the physical equipment, and the trained and efficient personnel to produce an abundance."

Anyhow we give the Technocrats a lot to start with.

"Technocracy states that the distribution of abundance can only be accomplished by means of a methodology of Continental accounting, based on energy conversion, that will assure the continual and perpetual recording of the ratio between production, distribution, and consumption so as to maintain a balanced load on all equipment."

That, too, has me stumped, but it looks like a sizable job, what with superman Nietzsche dead and comrade Stalin busy elsewhere.

"Under the Technate the governing body would be responsible, not only for the design, erection, operation, and maintenance of the physical equipment but for the operation and maintenance of each and every citizen."

If the Technate and its governing body don't cheat I would say my worries would be over. But I am a little hesitant about "the operation

and maintenance of each and every citizen." Not being a machine I don't like to have anybody operate me.

"The rate of extraneous energy consumption on this Continental area has reached an order of magnitude which results in a plethora of goods and service beyond the manageable limits of our present control technique."

That last sentence will puzzle the millions who are on the dole but I suspect the Technocrats have been putting ideas into the heads of the people of California. For their "energy consumption" they propose to have a plethora of ham and eggs. California, here I come!

"One technical problem has been solved, but man, not realizing that he is faced with another technical problem, has turned to philosophic speculation to solve the distribution conundrum."

Technocrats thus assure us that the problem of production has been solved, but not what they assume is the problem of distribution. I am reminded of a boy and his catch of fish. As he grows up he will improve his methods of catching fish; so the problem of improved production is continuous. But the latter end of production, distribution, gives him no trouble. He may swap his catch, or eat it, or sell it, or give it away. So long as distribution is left to the boy everything works smoothly. If a so-called owner of the stream, or its approaches, takes part of the boy's catch as rent, or the government takes part as taxes, robbery takes the place of equity; no one knows it better than the boy. If fishing is better because the government has re-stocked the stream, or if the sheriff has made it safer for the boy by driving off the tramps, the boy will know how much

is due for services rendered at the site he uses, and will pay without protest. And if he borrows tackle from his friend he will know, or soon find out, how much of his catch is due his friend for the loan of the tackle.

As a substitute for the natural economic laws of distribution, Technocracy provides.

"A technique of mensuration, a physical accounting system on a continental order of magnitude" and a "self-contained technologically controlled social mechanism."

My poor boy. That's how Technocracy will divide up your catch.

"When a Continental social mechanism is designed as an operational totality, then and then only, will the results of the whole exceed the sum of its parts."

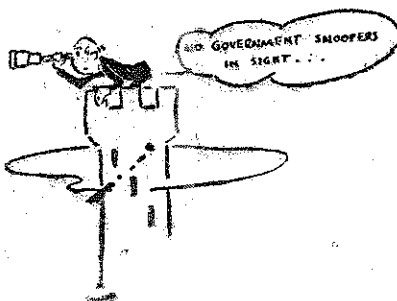
I bet that's how Ford got rich—practicing Technocracy in his vast production empire; for every ten autos he made he sold eleven. It may be suspected that this Technocratic miracle of the "whole exceeding the sum of its parts" was snatched from one of Rube Goldberg's inventions, but I doubt it. I think it is no mere coincidence that Technocracy bloomed at the end of the Prohibition era. We all know it to be a fact that for every two cases of Scotch that came off the boat three cases of Scotch were sold.

"Measurement by energy cost: The scientists who pointed this out simply proposed to measure the total amount of energy used by the Continent in a given period; measure the energy cost of physical production and services; and use these measurements as the basis for the regulation of all Continental production and distribution."

I am stumped again, though I hate to admit it; it seems so simple. What will happen to those who, like myself, can't understand Technocracy or to those who refuse to accept it. Here is Technocracy's answer:

"They will have to accept it or remove themselves from its sphere. Let us add that it is a swim to the next Continent."

Dear Reader: The Editor cut me short. There's a whole lot more of this Technocracy stuff. Really good. If you want it tell the Editor to quit gagging me.



# America "Overpopulated" Since 1797

By VIRGINIA M. LEWIS

The frequent charge that "dirty foreigners" are depriving American workers of their jobs stems from the fallacy that capital provides employment, and that the limited amount of capital available for employment limits the number of jobs available. The most popular argument, used effectively by organized labor, for the immigration restriction laws established in this country since the World War, upsetting our traditional "haven" policy, can be traced directly to the discredited wages-fund theory. The doctrine is of ancient vintage, although it is emphasized in our time not only by our own restrictive immigration laws but by the isolationism which is characterizing national economies throughout the world.

As far back as June 26, 1797 Representative Harrison G. Otis of Massachusetts, warned Congress: "When the country was new it might have been good policy to admit all. But it is so no longer."

And in the Niles Register for 1817, we find the following: "The immigrants should press into the interior. In the present state of the times, we seem too thick on the maritime frontier already." Nevertheless immigrants continued to settle on the Atlantic seaboard as well as inland. No great disaster followed.

However, it would seem that the country was really overcrowded by 1835! A pamphlet published that year, "Imminent Dangers to the Institutions of the United States through Foreign Immigration," predicted dire effects because of increasing immigration. The prediction of tragedy seems to have been somewhat premature in the light of the prosperity that followed.

Today we hear it said: "Immigration was all right when we had wilderness to conquer. But we no longer have a frontier. We have no room for these people." Actually, the United States is far from the limits of population which our re-

sources can support. Our density of population is very much less than that of many European countries, as is shown by the following figures taken from the World Almanac for 1938:

Country	Population Density Per Square Mile
United States	41.0
England	742.0
Belgium	698.8
Holland	667.7
France	196.7
Germany	368.8

The population of the state of Texas is approximately 6,000,000, and the density of population is 22.2 to the square mile. If the remaining 124,000,000 persons in the United States moved to Texas, the density of population would be only about 482 to the square mile, or less than two-thirds of the present population density of England. Obviously, the argument that our country is overpopulated has no greater validity today than it did at the time of Congressman Otis.

The Census of Manufacturers shows that from 1899 to 1909 approximately 7,700,000 immigrants came to our country. The number of wage-paying jobs increased by 40.4%. From 1909 to 1919 the im-

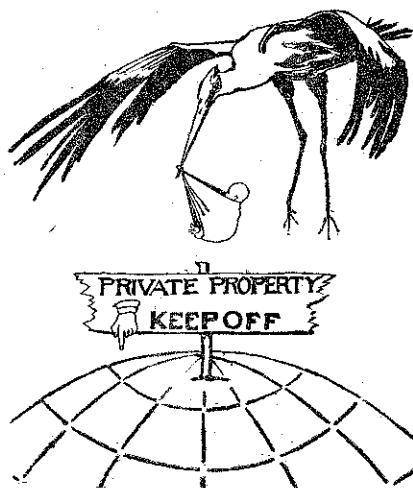
migration total was lower by about 1,000,000, i. e., approximately 6,600,000 people entered these United States. The number of wage-paying jobs increased by 35.9%. The decade from 1919 to 1929 saw the passage of legislation restricting immigration. Subtracting the emigration totals, the net immigration to the United States in this period sunk to 3,207,037; the employment totals dropped by about 1.6%. In the years from 1929 to 1935, emigration was greater than immigration by 64,905. The decrease in the total number of jobs reached a new high of approximately 17%.

As Felix Cohen points out in his study of immigration and its effects on American life, "\*\*\*\* The earliest industrial development in the United States followed in the train of high immigration, and our present unparalleled period of unemployment followed the cessation of immigration."

Consider the housing industry. Most immigrant families (like the rest of us) live in houses. Therefore, they must either have built new houses or moved into houses or apartments, the former tenants of which moved into other new houses. That is one reason, though not the most important one, why when immigration practically ceased our construction and allied trades declined. Unemployment in the many occupations directly or indirectly connected with house building is a major factor of our social problem.

It may be argued that "the immigrant lives in slums"—therefore he does not demand new housing. According to the National Resources Committee the immigrant has actually spent more per capita for housing than has the native-born citizen. We quote from that Committee's report, *The Problems of a Changing Population* (1938):

"In 1930 it was found that the median monthly rentals of urban non-farm homes was slightly higher for foreign-born white (\$35.13) than for all native white (\$34.11). When



the native white classification is further subdivided according to parentage, an even greater difference is seen. The figure for those of native parentage is \$23.26, and for those of foreign or mixed parentage \$37.74."

The truth is that the great wealth of our nation has been made possible because of our diverse and increasing population, both native and foreign born. These people with their varying backgrounds have developed new specializations and more mar-

kets, creating our present high standard of living. Thus are jobs created; for the more people there are, the more needs must be met, and employment is merely the production and exchange of goods and services for goods and services.

## The King and the Commoner

By GEORGE B. BRINGMANN

The time: October, 1939

The scene: England

The King:

(Walking the countryside lane from Witchery in the Meadow to Nubbinsruffiangate. A rolled scroll is under his arm. A figure comes from the opposite direction, recognizes the king and doffs his hat. The king holds up his hand and unrolls the scroll, reads from it.)

We in this grave emergency  
Called WAR, decree  
That all our subjects' property  
Be pledged to save democracy.  
From peer and commoner alike  
We'll confiscate, and build a dike  
To stay a rude theocracy.

(Points authoritatively at the commoner)

Your life, and soul, your very heart,  
Your shillings, pounds, your horse  
and cart—

Commoner (Moaning):

And e'en my wife's green apple tart?

King (Frowning):

Yes. Your pots and pans, your rolling mills,  
Your boots and gloves and doctors' pills  
Shall be commanded to defense  
And be real loyal evidence.  
This is our will. We so command  
That all of wealth, excepting land,  
Shall so be deemed the nation's own—

Excepting land, and land alone.

(Rolls scroll and tucks under arm)

Commoner:

(Touching forelock and pulling that when he realizes his hat already is off)

Have I not ever, ever done?

Has England any setting sun?

Have her great wars been ought but won

When came the final crash of gun?

Shall I not fight this war until . . .

Until our enemy is still?

Aye! That I will. Aye, that I will!

(Scratches his head and screws his eyebrows)

But what I cannot understand

Is the exception made of land.

King (Vibrantly):

'Tis what you fight for in this strife.  
Beyond my will. Your source of life.  
What justice would that really be  
Were we to take your land from thee?

Aye, even in this darkest hour

A deed to land's beyond my power.

Commoner:

When England fights as one great wall,

And some shall die of those that fall,

And some shall live. Tsk. That's not all,

For what I cannot understand

Is what the quick will use for land?

(Peers at the king from his brows, scratches his shoulder)

We fight, say you, my liege and king,

For land and crown, and everything  
That we hold dear. And so must give

That Britain's high ideals may live.  
Yet, still I do not understand

Why an exception's made of land.

Is it that kings and dukes have known

We'll fight for that we do not own?

Aye! 'Tis a mystery to me

Why land's exempt from your decree.

King (Patiently):

Have we not pointed out, my friend,  
That land's the means to mankind's end.

Would be unfair, would be unfair.

Commoner:

You have, my liege, my gracious king,

And I have taught my sons to sing  
"God Save the King." But what I do  
Not understand is the exception made of land.

What will my sons and daughters do  
For source of life when peace comes through

The brazen sullen clouds of war,  
And when that source is deemed by law

To be controlled and owned by your  
Own kindred of the blood or jaw,  
Your kindred by their birth or words?

And they'll eat butter; we'll eat curds.

High sounding, lands exception be,  
It does not seem in equity.

And you and yours seem to have known it

For ages past, else we would own it.

Should thy subjects own by your decree

An equity in liberty,

Then, sire, that would surely free  
All England to democracy.

(Shakes head thoughtfully and mutters)

Excepting land, and land alone.

We fight for land we do not own.

# Mirage: Social Security Taxes

By ISIDORE PLATKIN

A recent decision of the Supreme Court raises some interesting speculations concerning the effects of "social security" or "payroll" taxes.

The Glenn L. Martin Company had entered into a contract with the War Department, during 1934. The contract provided that if Congress should impose any taxes applicable to the production, manufacture, or sale of supplies, the contractor could add the increased cost to the contract price.

In 1935, while the planes under contract were being manufactured, Congress passed the Social Security Act, which provided for the imposition of payroll taxes. The Martin Company sought to obtain from the government, as additional compensation under its contract, the added cost of manufacturing the airplanes.

The Supreme Court, in ruling against the airplane company, held as follows: "The contract was concerned with Federal taxes 'on' the goods to be provided under it, whatever the occasion for the taxes . . . Since a tax on payrolls, or on the relationship of employment, is not—but in fact is distinct from—the type of tax 'on' articles represented by sales taxes and processing taxes, respondent is not entitled to the additional compensation which it seeks."

Regardless of the legal merits of the Court's opinion, the economic significance of the decision is far-reaching. While the Court held that the increased cost resulting from the type of tax in question did not come under the terms of the contract, the increased cost nevertheless resulted. An employer-employee relationship is always entered into for a single purpose—to engage in production. Hence, any tax on an employer-employee relationship is a tax on production, an additional factor in the cost of production.

Every producer must obtain for his products at least the cost of production plus the prevailing rate of interest on his capital. If his re-

turns fall below this minimum, his operations are not profitable, and he is eliminated from the ranks of the producers. If his costs go up, they must be passed along in the form of increased prices, if his minimum necessary return is to be maintained. And so, despite the legal verdict of the high court, the higher verdict of economic law must rule. The fact that the airplane company was not permitted to recover its additional costs in this case merely means that in its future contracts the payroll taxes will be included in costs, and therefore in price.

The increasing importance of social security taxes, which have become a major source of government revenue, makes necessary at this time a critical examination of their economic effect. In other words, how is industry as a whole affected by those circumstances described above with respect to a single company? Before the answer can be given, it will be desirable to see how these taxes are imposed.

The original Social Security Act became law on August 14, 1935. Since then a number of important changes have been made, most of them being embodied in the Social Security Act Amendments of 1939, which were approved August 10, 1939. The payroll taxes levied under the Social Security Act are of three kinds.

1. Old Age Benefits Tax on Employees. The law imposes a tax upon the income of every individual at the following percentages of their wages: 1 per cent from 1937 to 1942; 2 per cent from 1943 to 1945; 2½ per cent from 1946 to 1948; 3 per cent after 1948.

The law excludes the earnings of agricultural and domestic workers, state and federal employees, and several other minor groups. The law likewise exempts from taxation wages in excess of \$3,000 per year.

A consideration of the social security tax on employees reveals several interesting points. The tax, as

its wording implies, is simply an income tax; the law itself calls it a tax on "income." Viewed in its true light, that of an income tax, it is seen to violate all the principles upon which our income taxes are supposedly based. It offers no exemption, as does the income tax law, to the man or woman with a small income. It is not based on the principle of ability to pay. That principle, unsound as it is, is here replaced by what is in effect a tax on inability to pay. For if earnings in excess of \$3,000 are not taxed, then the man with an income of \$6,000 is only taxed on half his income, or, what is equivalent to the same thing, he pays a tax on his entire income at one-half the regular rate; the man with an income of \$9,000 per year pays at an equivalent of one-third the regular rate, and so on. As annual income increases the proportion of tax decreases.

That a tax, which upon close examination is seen to be so objectionable, has not met greater opposition on the part of the taxpayer, may be explained by the following three considerations:

First, most of the taxpayers are not aware that they are paying an income tax, as the levy is not imposed by the income tax law, but by the attractively entitled Social Security Act.

Second, the tax extracted from the taxpayers is made less painful because it is deducted from his salary by his employer on pay-day, instead of being paid in a lump sum. The taxpayer does not realize the full extent of his tax and diminution in his purchasing power.

Third, the expectation of benefits which are promised by the Social Security Act, namely an old-age pension. But the proceeds of the tax are not set aside for payment of pensions when they fall due; they are invested in government obligations. This simply means that the tax proceeds are currently spent by the government, which substitutes

for them its "I. O. U's." With our federal deficit mounting, it is obvious that present taxation is not sufficient to meet current expenditures. All indications therefore point to increased taxes. In other words, the money collected today, for which the government promises future benefits, is spent at once, and the taxpayers can look forward to the prospect of additional taxes so that the government may then have funds with which to make good the promise it gives in return for present taxation.

2. Old-Age Benefits Tax on Employers. The tax imposed on employers is at the same rate as that on employees. In other words, the tax at present is one per cent of taxable payrolls (not in excess of \$3,000 per employee per year), and will ultimately go up to three per cent. The law calls it an "excise" tax with respect to having individuals in one's employ.

3. Unemployment Insurance Tax on Employers. The federal law levies an "excise" tax on employers at the rate of three per cent of total wages paid. Taxable wages are substantially the same as those subject to the old age benefits tax, but the federal unemployment tax applies only to those employers having eight or more employees. The federal law allows as a credit against this tax the amount of unemployment insurance taxes paid to the various states, provided that this credit may not exceed 90 per cent of the federal tax. All of the states now have unemployment insurance taxes of their own, most of them at 2.7 per cent of the payroll, equivalent to 90 per cent of the federal tax. The effect of this rate is to permit credit against the federal tax for substantially the full amount allowable. The combined result of the state and federal unemployment taxes is for the states to receive 2.7 per cent of taxable payrolls, and the federal government three-tenths of one per cent, or a total of 3 per cent between both.

The federal government does not pay unemployment insurance benefits directly to persons out of work. Its contribution consists of grants to the states for the purpose of covering

the cost of their administration expenses in connection with the operation of their unemployment funds.

With the operation of the payroll taxes understood, it becomes possible to consider their effect.

As far as the employee is concerned he pays a tax on the full amount of his wages, up to \$3,000 per year. The rate, now one per cent, will ultimately rise to three per cent. In those states where the employee likewise pays an unemployment insurance tax, his total tax is increased to that extent. The consequence of these taxes is to decrease the employee's net earnings and thus his purchasing power. The result is the same as that of a wage-cut.

The tax on the employer is one per cent for old age benefit purposes, and the rate will go up as high as three per cent. This, combined with the three per cent unemployment insurance tax means a present levy of 4 per cent and an ultimate tax of 6 per cent on his taxable payroll. To this must be added the cost of keeping detailed employment records and the filing of numerous tax returns. The increased costs must be passed along to the consumers in the form of increased prices.

In short, the employee, with a reduced purchasing power, must pay an increased price for the goods and services he buys. Since he no longer can buy as much, some of the workers who previously supplied his demands are thrown out of work. Thus a diminution of the income of some workers results in a diminution, if not an actual cessation, of the income of other producers.

The logic of these considerations is inescapable. And yet, unless the tendency of increased taxes to curtail production is fully understood it is sometimes overlooked because of various other counter-activity tendencies.

It is pointed out, for example, that the price of some products has not been increased since the Social Security Act went into effect. But since prices are closely affected by cost of production, it follows that in such cases prices would have gone down if not for the increased tax cost. Thus, while not as evident in

such cases as where there is an absolute increase in price, the tendency to raise prices is just as real if it counteracts what would otherwise be a price reduction.

That the price of some goods has been decreased since the advent of these taxes is undeniable. This tendency may be accounted for by a variety of causes, such as improved methods, introduction of labor-saving devices, or economies resulting from increased production. And yet even in such cases the taxes we are considering exerted their effect by keeping prices at a higher level than that to which they otherwise would have fallen.

Again, the argument is sometimes presented that producers are reluctant to increase prices, as that will curtail their sales; they are content to pay the new taxes out of their profits. Now, producers may be divided into two groups, the few who enjoy special privileges or monopolies, and the vast majority who are subjected to competition. The argument above presented may apply, partly or entirely, to the first group. By virtue of their privileged position, they are already charging as much as the traffic can bear. If they feel that a price increase will be followed by a drastic reduction in sales, they may deem it preferable to absorb the additional cost themselves. While their own return will now be less than it was previously, it will still be greater than the average or normal return on capital.

But by far the greater number of producers are not so favorably situated. They do not enjoy special privileges, and hence competition keeps their profits down to that level below which they will not engage in production. Any added cost forces out the marginal producers, those who formerly were just barely able to keep going. The decrease in the number of producers then has the tendency to raise prices, regardless of any desire on the part of those producers to maintain the old price. That this result must obtain follows from the fact that frequently the payroll taxes are greater than the former profits of the producer.

One further argument must be considered—that which claims that



no purchasing power is destroyed by the taxes because the recipients of social security benefits now have purchasing power which otherwise would not have been available to them. Even a superficial examination of this argument reveals its fallaciousness. In the first place, the purchasing power of those who receive the various benefits is obtained at the expense of the producers. And the diminution in purchasing power of the latter is real. Secondly, even if there were a distribution to beneficiaries of the same amount as the taxes collected, the net purchasing power would still be reduced, because with the increased prices the same amount of money would now

buy less than before. And lastly, because without the imposition of additional taxes the full amount collected in social security taxes cannot be distributed to beneficiaries, since a large portion must be deducted for administration expenses.

In the light of this analysis of the social security taxes it is indeed difficult to understand how they ever came to be enacted. No social security program can be successful unless it accomplishes these aims:

1. To increase the real income of all workers and producers, so that they may have the maximum opportunity to satisfy their present needs and desires and also provide for their

old age.

2. To facilitate continuous employment.

3. To prevent the occurrence of factors which tend toward artificial price increases, since increased prices lower true income, and low prices increase true income.

The social security taxes fail to accomplish any of these aims. The taxes on employees lower their income. The taxing of employers tends to reduce employment, as does the decreased income of the employees. The tendency for the taxes to increase prices lowers the true income of the community as less goods and services can be obtained for a given equivalent.

## Forty-eight Balkan States?

By JULIA HARMON

One of the primary benefits expected from the union of the thirteen colonies was the abolition of interstate tariffs. The constitution provides that "the Congress shall have the power... to regulate commerce with foreign nations and among the several States and with the Indian tribes." And that "No State shall, without the consent of Congress, lay any duties on exports or imports, except what may be absolutely necessary for its inspection laws."

The danger of State protectionism had been pretty well demonstrated in the colonies. Free trade among the States, i. e., unrestricted exchange of goods throughout the country, has been responsible in a large measure for the prosperity of American agriculture and industry. In the light of this historical fact it would seem that Americans should be eager to guard our interstate free exchange of goods; and yet such exchange has been in recent years greatly hampered by restrictions which go far beyond those "absolutely necessary for inspection laws."

The statute books of many States are already heavily burdened with legislation restricting interstate com-

merce. Indeed, the menace of such legislation has become so obvious that the Federal Government saw fit to make a detailed study of the situation with respect to food products. The results of this study set forth in a recent publication of the Department of Agriculture, "Barriers to Internal Trade in Farm Products," reveal an alarming fact, namely, that the United States has been drifting, perhaps by almost perceptible degrees, toward "Balkanization," the breaking up of a large area of free trade into small politically self-contained units exercising the right of internal economic control in order to wage virtual economic warfare among themselves. No less an authority than Henry A. Wallace, Secretary of Agriculture, comes to this same conclusion. In a vigorous foreword to this report issued by his department, the Secretary declares, that "the following pages describe a situation which is becoming of critical importance to every economic group in the United States. . . .

**Today we cannot say that we have free trade between the States."**

Some of the legitimate purposes of restrictive legislation have been to provide the consumer with sanitary, unadulterated food, properly labeled

and graded, to prevent dishonest business practices, and to restrict the spread of plant pests and diseases. Recent marketing legislation, however, has at times resulted in keeping certain markets for local farmers, has stressed the "buy local products" theme, has made it impossible for some producers to enter a certain market and has even been frankly retaliatory, putting reciprocal restrictions on products of other States.

Milk inspection, ostensibly for guarding the public health, has resulted in much economic restriction. One State limits the inspection it will make of out-of-state milk, or may charge a fee for such inspection, and in this way has succeeded in keeping importation of milk to a minimum and in forcing relatively high prices for the benefit of its own producers. The City of New York inspects the farm source of its milk and cream and since 1926 has definitely limited this inspection area. The net result has been to bar western cream and to raise cream prices in New York City. Many milk inspection laws have raised standards so high that the resultant health benefits are of doubtful value. Such ridiculous requirements as that a milk



distributor must have a processing plant within the city limits or that milk cannot be sold if brought from a greater distance than fifty miles have tended to isolate local farmers from competition and to raise prices.

Really restrictive legislation against the sale of margarine has been in existence for about ten years. A revealing fact is that all such legislation is strongly sponsored by dairy interests. Seventeen States require license fees from margarine manufacturers, ranging from \$1 to \$1,000 annually. The latter fee is the requirement in Wisconsin, where \$500 is also assessed against wholesalers of margarine. About half the States have excise taxes on margarine, ranging from 5c to 15c per pound. The results of such taxes have been largely restriction of the sale of the product, no great amount of revenue having been collected by any State except Iowa and Pennsylvania.

In the liquor field, sales taxes are a favorite means for the control of "imported" alcoholic drinks, while "domestic" products are favored. Retaliatory legislation is quite common, as for instance, in Missouri where alcoholic liquors from any State that has discriminatory liquor legislation of any kind are completely barred.

Restrictive legislation is quite common in the field of interstate motor truck transportation and in the sale of gasoline. The State that does little business but is a highway for interstate traffic is in a difficult position. The claim is that "foreign" trucks wear out its roads without paying toward their up-keep. Most legislation, however, goes far beyond trying to remedy this situation. The requirement that trucks take out additional licenses in one or more States is often a hindrance to interstate traffic. Some States do not make such a requirement if the truck does not engage in intrastate business thus giving some "protection" to local enterprise. Farmers have often protested against their own State's laws and have even been known to pay the tax themselves in order to get out-of-state truckers to move their crops. Other restrictions include county registration of "foreign"

trucks, insurance requirements, posting of bonds, and increased fees for going more than ten miles into a State.

Ports-of-entry, where a State requires incoming traffic to halt for inspection, regulation and taxes, were set up in Kansas in 1934 and the system has since been copied by eight other western States. Kansas has 66 such ports, Oklahoma 58. When a truck passing such a "port" has to fill out an elaborate form describing its load and proposed route and pay the assessed fees, a distinct deterrent to interstate commerce has been established. It is significant that three railroad presidents recently advocated a ports-of-entry system for New England.

Grain and cotton were the first farm products to be traded in large volume and across long distances. Formerly the various States and exchanges established their individual standards as to grading and labeling, and growers were systematically defrauded by short-weighting and undergrading. Since 1916, however, Federal standards have remedied the situation for grain and cotton. In the case of fruits and vegetables, private and local grades have now been abandoned but there is still considerable friction resulting from lack of uniformity in State and Federal laws. Great interference with trade is found in Montana, where fruits and vegetables entering the State must be graded according to Montana's laws, which are based on the Federal laws. Incoming trucks are stopped and charged a fee for inspection even though they may carry a Federal inspection certificate that the produce is graded according to U. S. standards. California also stops trucks at the border for inspection. Producers often have to mark their products according to several different State standards if they plan to sell in more than one State. The requirement that goods be marked with the name of the State of origin also creates a certain hindrance to interstate trade if it encourages buying at home, regardless of quality. Another trick is to prohibit the importation of inferior grades of goods, while home-

grown goods of the same grade can be sold.

Quarantine laws, whose legitimate purpose is to prevent the spread of animal and plant diseases and pests, have often brought nothing but red tape, annoyance, delay and expense. Laws against hoof and mouth disease have been characterized as unnecessarily severe without effecting any increased protection to the live stock interests. Non-uniformity of State laws has been the chief cause of complaint, sometimes resulting in complete stoppage of necessary shipments. New York at one time required severe tests for Bangs disease in all cattle brought into the State, although the disease was widespread in the State at that time and the incoming cattle were not isolated after arrival. The regulation reduced the movement of cattle from Wisconsin to New York from 5% to 10%. Retaliatory legislation is quite common in the field of quarantines.

State-financed advertising of farm products is of recent origin, having been started by New York in 1934 with an appropriation of \$500,000 for advertising milk. To pay for this advertising a tax of one cent per 100 pounds of milk sold was levied. Florida and Wisconsin followed with advertising campaigns and seven other States took it up in 1937. In most cases an excise tax is levied or funds are appropriated from general taxation. Six of the States have cultivated markets outside of their own States. Some of this advertising is advantageous but where a State advises its citizens to buy products of their own State only, it is in the nature of an import duty and tends to raise prices.

And so, our forty-eight political units are gradually adopting protectionist methods, in violation of the spirit of the Union, which, if continued, must result in interstate economic warfare, jealousies, rivalries, and that trend toward isolationism which is the plague of Europe. The cause for this tendency lies in the economic maladjustment of our nation. In the attempt to solve the problem of poverty, the States, like the nation as a whole, like all nations, resort to the fallacy of self-sufficiency.

# Brick-Bats in a Friendly Mood

By GLENN E. HOOVER

Because the social appropriation of economic rent is the greatest step that can be taken in the direction of social justice and economic abundance, I should like to see *The Freeman* the most effective periodical in the United States. It cannot achieve this position unless it merits the respect of those, who, for lack of a better word, may be called "intellectuals." Circulation in itself is not enough. The Hearst papers, Ham & Eggs, Huey Long and countless other persons and organizations have achieved an imposing circulation, but their influence was limited because they were a joke or worse to the more rational of our citizens. While their antics made the unthinking laugh, they also made the judicious grieve.

To attain such respect, *The Freeman* should guard against two tendencies. It should not make excessive claims for the results that would follow the socialization of rent, and it should avoid errors of fact. I should like to make my suggestions concrete by using examples from the November issue.

In the editorial entitled "Gambling With Freedom," the writer contends that "war must ultimately benefit privilege." As proof of that statement he reminds us that "Every war results in an increased burden of taxation as well as an increased revenue for bondholders." The plain inference is that prospective bondholders favor war as likely to increase their opportunity to purchase government bonds. This I think is contrary to fact. Opportunity to purchase government bonds arises from an unbalanced budget, whether in time of peace or war. It is a matter of common observation that it is the investors who in season and out of season are most vigorous in condemning governmental borrowing.

As further proof that it is the "privileged" who benefit from and presumably favor war, the same paragraph continues: "Our tariff

walls started to rise to their present 'protection' proportions after the Civil War." The statement is true but the inference that the Civil War caused the increase in tariff rates is, I think, unwarranted. This is the old "post hoc, ergo propter hoc" fallacy. After the Civil War we raised our tariffs. After the Napoleonic Wars, England lowered her tariffs. So what?

The Northern manufacturers who benefited from the tariff (which I admit is a privilege) were always opposed by the "privileged" land holders of the South. The underprivileged and non-privileged farmers and industrial workers of the North rejected the views of Henry George on both the tariff and the land question, for no better reason, as I see it, than that they couldn't see what was good for them, and don't yet see it. Right now a low tariff program will derive more support from the New York bankers than it will from the Central Labor Council in the same city. When we attribute to the selfish motives of the few what is due to the economic illiteracy of the many we at once commit an injustice and, what is more important, demonstrate our incapacity for formulating programs.

The next statement in the same paragraph is as follows:

"After the World War our railroad bondholders saddled the government with the guarantee of five per cent return on their 'investment.'" This statement, I submit, is untrue. The only possible basis for it is that the Railway Act of 1920 directed the Interstate Commerce Commission to establish rates for a period of two years which would permit the carriers to earn 5½ per cent upon "the aggregate value of the railroad property." The rates established did not permit such earnings, nor have they, for any year since the law was passed. To speak of that provision as a governmental "guarantee of five per cent" to bondholders is an unwarranted distortion.

Earlier in this article I objected to the excessive claims that are made for the benefits to be derived from land value taxation. I have already suggested that to claim it would end all wars, is to resort to pretty wobbly logic. When we contend that free trade would make for international peace we are on much stronger ground. Personally I cannot accept the Marxian view that wars always result from economic causes. In any event free trade and the appropriation of rent are such desirable programs that they should be urged on their merits. They are sound programs, whether or not they completely banish war from the earth, and they should be defended as such.

The foregoing applies equally to the article entitled "Gestapo Methods" which criticizes the Federal Trade Commission. It is there claimed that this is one of those agencies of government "instituted to solve social problems which arise from poverty." When the Commission ordered one of the richest mail order houses to cease its false and misleading advertising are we confronted with the problem of poverty or rather of unscrupulousness and greed which is as prevalent among the rich as the poor? Mr. Geiger, in his article "Sex Is Not a Problem" went so far as to say in conclusion that if we eliminate poverty, want and the fear of want, we will "eliminate bachelorhood, spinsterhood and unhappy marriages." I suggest that Barbara Hutton be paged to learn if she considers poverty to be the cause of her marital difficulties. If she cannot be found, page the richest young ladies of your own town or Hollywood whose marriages have gone on the rocks. Ask them if their romances were wrecked by poverty.

In conclusion, I think we will affront the intelligent citizens if we present our program as a nostrum that will cure all ills. Let us leave to the itinerant quack all remedies

## THE BOOK TRAIL

SIDNEY J. ABELSON

Charles Abrams, Consultant to the U. S. Housing Authority, has made a gallant effort to do for Henry George what Karl Marx is said to have done for Hegel—turn him upside down or right side up, according to how you look at it. But Hegel dealt in lofty metaphysics, and in that rarified atmosphere right side up or upside down is sometimes one and the same; nebulosity is still nebulosity.

"Revolution in Land" (Harper & Brothers, \$3.00) has been advertised as "a thoroughly fresh analysis of why access to the land is so expensive for homes, farms, and every use; may well be for our day what 'Progress and Poverty' was for its." The man who wrote that piece knew little about Abrams' book and nothing about "Progress and Poverty." However, that is only partially his fault, for the author of "Revolution in Land," despite his meticulous traffic in statistical trivia, is still tentative, contradictory and even downright fanciful in effect if not in intent.

For one thing, Abrams makes no distinction between "land" "real estate" "property" and "agriculture." In all his theoretical discussions these terms are used interchangeably, so that the reader, if otherwise unfamiliar with economic terminology, might easily accept this syno-

for dandruff, unhappiness in love, bellicosity and general cussedness. I believe that for every convert we make with such claims we will lose another, and much more intelligent and influential prospect. In presenting these criticisms I hope you will do me the honor to believe that they are those of a friend of *The Freeman* who wishes it well. "It's not that I hate ye that I bait ye." It is that I want *The Freeman* to be of greatest help in securing freedom of trade and the socialization of rent, and that too, in our time.

nymity and suffer harrowing logico-economic paroxysms as a consequence.

According to the book, land is in oversupply; we have so much of it, and so many different people own it, that the monopoly element formerly attached to land is gone forever. Indeed, if only the government had sense enough to do so "it should be possible to acquire much land on extremely favorable terms." For what purpose, you might ask, should the government acquire land? The answer is simple: the government, having ruined land values through discriminatory and excessive property taxation, should now step in and restore order from chaos. How can this be done? Here is what Abrams, with becoming vagueness, offers as one of "a few extremely tentative suggestions": "If the government were to enter what is now the limited-dividend field, it could appreciably reduce waste and ultimate development cost and each five percent or more on funds borrowed at two percent or so."

Abrams likes planning. He has faith in the "government." He reposes an impressive confidence in it: "the government must be consistent. Consistent not in the narrow sense, but in the sense that its policies must be coherent, coordinated, integrated. One action must not cancel out another. The government must know where it is going, what it is doing, why it is doing it." Who this mysteriously omniscient "government" is he does not say; he is for it anyhow. There should be a plan: "A logical plan (that) would coordinate the scattered activities of RFC, PWA, FCA, HOLC, FHA, USHA, AAA, TUA, REA, FSA, and a host of others. . . ." Other desirable objectives are: "a decentralized but coordinated administration"; "an expanding area of federal control"; and "mandatory control over . . . productive capacity." Also, the author is confident that "the use of land can be organized far more effectively, by reason of public ownership, than in any other way." At any rate, "such control will be much less expensive than that of AAA." A laborious reading of 308 jejune pages revealed nothing more spe-

cific than such generalizations.

Abrams comes by his conclusions honestly, for in his scheme of things there is no law of rent. He denies the role of land as the primary source of wealth. He asserts that "surplus and not scarcity" is the central problem of our day. He tries to assure his readers that industry has been emancipated from "the tyranny of site." He asserts that an automotive plant "has nothing to do with land." The recital of upside-down opinions is so persistent that after a while I began to wonder whether I was reading an attempted grown up version of a book about the Land of Oz.

Nothing but a book of equal or greater length could list in detail the basic theoretical misconceptions and obtuse observations which stamp every page in "Revolution in Land." I must of course, waive such a task; but I do not do so in despair, for it is evident that not even "academic" economists will take this volume seriously. Certainly the "government" which Abrams approaches with such deferential confidence will not countenance for one fleeting second his proposal that property taxes be rescinded and replaced by levies exclusively on personality and production.

In the course of favorable comment on Abram's book Lewis Mumford is quoted as saying that "the last really important word on social occupancy and control of land in America was written by Henry George in 1879." This will be news to readers of *The Freeman*. Terms such as "social occupancy" and "control of land" were, as followers of George know well enough, anathema to the author of "Progress and Poverty."

On the question of rent itself Abrams likewise misconstrues the Georgist doctrine. He refers to Henry George as "denouncing all rent as medieval and unjust," and from such fundamental ineptitude arises his maladroit handling of the whole land problem. George did not "denounce" rent—to do so would be to deny the very base of his economics. But let Elly, an unfriendly critic of George tell the story: "It must be remembered that Henry

George did not propose to abolish rent—an obvious impossibility—but simply to do away with the private receipt of rent. This would prevent the withholding of land from use for purely speculative purposes. . . .

"I do not propose," wrote George, "either to purchase or to confiscate private property in land. . . . Let the individuals who now hold it still retain, if they want to, possession of what they are pleased to call their land. . . . Let them buy and sell, and bequeath and devise it. . . . It is not necessary to confiscate land; it is only necessary to confiscate rent."

O si sic omnia.

**YOU MIGHT LIKE SOCIALISM**, by Corliss Lamont, Modern Age Books, New York. \$3.95.

Human dignity and reason are again subjected to a vicious assault from the Left, this time in the form of this new book by Corliss Lamont. Here the totalitarian temporarily drops his "habitual sneer" and assumes the ingratiating smirk of respectability for the benefit of all those "progressive" elements whose ancestors managed to appropriate a pretty parcel of this goodly earth on immigrating into this country via the Mayflower.

Thus motivated by mingled feelings, Mr. Lamont repeats, in that section of the book dealing with what might be laughingly called theoretical economics, all the hoary Marxian fallacies which reputable economists since the nineteenth century have tired of exposing. Finding ourselves among that recalcitrant element which refuses to play guinea pig to Mr. Lamont's adolescent impulses, even in danger of being frowned upon by the best people, we humbly draw about us our tattered rags of eighteenth century respect for logic, rationality, and the sanctity of the individual, and confess that we still, Mr. Lamont, do not like socialism.

—HELEN BERNSTEIN.

#### A. T. & T. THE STORY OF INDUSTRIAL CONQUEST

by N. R. Danielian. The Vanguard Press. \$3.75.

"A public utility, publicly owned," was President Gifford's characterization of the Bell Telephone System in 1927. "There are 450,000 stockholders and many of them are employees of the company." This is hardly the connotation commonly given to "public ownership," and Mr. Danielian shows how A. T. & T. is not controlled by its owners (no one of which holds as much as one per cent of the stock) but by a self-perpetuating business bureaucracy which keeps its power by political methods.

The bases of this largest corporation in the world are its five billion dollar assets, its over three hundred thousand

employees, its sixteen million telephones, its research laboratories and the patents which permit it to extend into every field of communication. Its development is the story of an expanding corporation rapidly leaving the hands of its founders to become the football of financiers, persevering through a period of competition by eliminating most of it, and finally evolving into an industrial oligarchy. As a virtual monopoly it is in a position to extract substantial profits in excess of the normal expectations of competitive business enterprises. But the A. T. & T. management has avoided this, according to Mr. Danielian, in order not to arouse public opinion and governmental measures that would threaten its freedom of action.

This exhaustive study in "Industrial conquest" concludes with a picture of what would follow if policies such as those employed by the Bell System were applied to the Federal government. Government spending would yield to efficiency; public works would be out; relief would stop; taxes be lowered, etc. The author puts the question: "Would private business then absorb the millions thrown back upon their own lack of resources?"

"The prospect of a society patterned after the behavior of private bureaucracies would be disastrous." Is government bureaucracy more desirable? Mr. Danielian, formerly with the Federal Communications Commission, leaves no doubt as to which alternative he prefers. But must our economic life resolve into a battle of bureaucracies?

"A. T. & T. The Story of Industrial Conquest" presents those who think in terms of an increasingly paternalistic government with food for thought. This giant corporation is, all thing considered, an example of bureaucratic management at its probable best. Thanks to certain naturally monopolistic features of its business this type of management in this case does not conflict with or obstruct economic enterprise in general. But an extension of the rigidities of bureaucratic control to every phase of economic life would serve only to restrict, to stultify and in many instances to doom absolutely those energies and efforts which conduce to maximum productivity.

—FRIEDA WEHNES.

#### ROOTS OF CHANGE

By JOSEPH H. FICHTER, S. J.  
D. Appleton-Century Co.,  
New York, \$2.50

This is no mere history of economics and social thought. It is a series of lively biographical sketches into which are fused the ideas and theories that a number of outstanding personalities have succeeded in rooting into the intellectual soil of history during the past three hundred years. The author has striven for a logical arrangement for the purpose of emphasizing the close relationship between apparently isolated events. In this he has succeeded brilliantly.

Throughout, one thought keeps reappearing like a leitmotif: The dualistic nature of human existence. Man is not merely an animal. He is also a spiritual being. Nevertheless, despite the metaphysical note Father Fichter stresses time and again the futility of attempting to solve economic problems by the moral approach. However, he is not consistent in his attitude, for his thesis is that industrial problems can be solved only by a return to Christian principles. Labor and capital must resolve their differences. But while he repeats the Marxian theory of the inevitability of the class conflict, he makes a strong plea for better treatment of the employee by the employer.

In his discussion of private property, Father Fichter tries to exclude any consideration of morals, but he cannot avoid a moralistic conclusion when he states that although individual ownership is necessary, the owner has no absolute right to his property but must use it properly so as to benefit the community. But if property is capital, how else can the owner use it except to render services to the community? Henry George, to whom Father Fichter ascribes a somewhat minor role in his historical drama, made an extremely interesting exposition of property in his letter to Pope Leo XIII. Incidentally, his belief that George's remedy for the abolition of poverty would cause an expansion of government indicates very little familiarity with the latter's writings.

—RAYMOND V. McNALLY

#### A Carom Shot

The Long Island Railroad ran this advertising card in its cars: "Railroads provide the only general transportation service that moves over roadways maintained without expense to the taxpayers." Try to buy a lot or rent a house on Long Island and you will find out who pays for the maintenance of the roadway.

## The Freeman

A Monthly Critical Journal of Social and Economic Affairs

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The Freeman does not necessarily endorse opinions expressed in signed or initialed contributions or statements in news reports, assuring the widest freedom of expression to its writers. Contributions consistent with the policy of The Freeman are welcomed; no payment is made, for the editors and writers contribute their services as a living endowment to the cause for which The Freeman stands.

## NEWS OF THE CRUSADE FOR ECONOMIC ENLIGHTENMENT

Edited by Sandy Wise

**Unparalleled Venture in Effective Journalism  
Everybody's Doing It—Join the Crowd**

A publication is primarily a purveyor of ideas. The ideas are wrapped in words, pointed up with illustrations, made palatable with a pleasing format. The whole thing is the product of thought and constant attention to details.

Which is our way of calling your attention to changes in typography and illustrative matter in *The Freeman*. It is expected that there will be constant improvement in the selection of articles for this "Monthly Critical Journal of Social and Economic Affairs," incessant effort toward more interesting expression. But this is only part of the job. The physical appearance of the publication helps its readability, and this too is our constant concern.

That's why you see changes in the make-up in this issue. Several other changes are contemplated as soon as present experiments warrant them. Note, too, the increasing use of better illustrations, cartoons.

Secret! All this is done without any increase in publishing costs. The edi-

torial staff is never satisfied with its efforts, never sparing with its time or thought. New artists are volunteering. The "cuts" are contributed by a graduate who is in the photo-engraving business. The lay-out ideas come from an expert—a graduate—whose efforts are made more difficult by the lack of material at the disposal of the low-cost printer who produces this paper.

Four thousand copies of *The Freeman* cost less than One Hundred and Forty Dollars a month—composition, paper, binding, mailing, postage—everything.

Here's where you come in. Join the circulation department. No matter how good a paper is, its effectiveness is in direct proportion to the number of people who read it. Get at least one subscriber. At less than one seventh of one cent a day it's the biggest bargain in periodical literature. Your new subscriber will thank you after he reads the first issue—and you'll be helping the publication and the cause it represents. Get one subscription—today.

**Philadelphia's Winter Plans**

PHILADELPHIA, Pa.—Julian P. Hickok, Extension Secretary, reports the following definite program of classes for the Winter term, with more in prospect: Classes in Fundamental Economics?

Tuesday, January 9th, residence of Henry S. Ford 206 Cooper Street, Camden, N. J.

Friday, January 12, West Phila. Youth Civic League 617 N. 43rd Street, Phila., Pa. 8 P. M. (A new center for colored young people.)

Tuesday, January 16, Christian Street Y. M. C. A. 1724 Christian Street, Phila., Pa. 8 P. M.

Wednesday, January 22, Y. M. & Y. M. H. A. Bldg. Broad & Pine Sts., Phila., Pa. 8 P. M.

**Advanced Classes:**

Thursday, January 11, Social Service Bldg. 311 S. Juniper St. 7:30 P. M. for 5 weeks. SOCIAL PROBLEMS.

Thursday, February 15, Social Service Bldg., PRINCIPLES OF INTERNATIONAL TRADE (6 weeks).

Thursday, March 28th, Social Service Bldg., SCIENCE OF POLITICAL ECONOMY (10 weeks).

**Growing Interest in San Diego**

SAN DIEGO, Cal.—Grant M. Webster, reports that in a recently organized class in Progress and Poverty thirty-two students enrolled. Seven more enrolled in the Correspondence Course. According to Mr. Webster, there are many encouraging signs of increasing interest in the George Philosophy in San Diego.

**Long Island Dinner**

LONG ISLAND, N. Y.—An invitation is extended to all Georgists and friends to attend the dinner of the Society of Long Island Georgists, Andrew Alexander, Acting Chairman.

The meeting will be held in the Diplomat Restaurant Banquet Room, 90-14 161st St., Jamaica, 7 P. M., January 4. Highlights of the program: M. B. Thomson, raconteur, as master of ceremonies; Gilbert M. Tucker, author, will speak on "Natural Deal or New Deal;" Senor Rogelio Casa Cadilla, editor of "Reform Sociale," will speak on "Revolution in Mexico and Spain—for Better or Worse"; Robert Clancy, artist and co-author of "You and America's Future," will discuss "Education for Freedom."

Diplomas will be awarded to graduates of the classes in Brooklyn, Floral Park, Flushing, Forest Hills, Freeport and Jamaica. The dinner charge is One Dollar per plate.

**Extra Sessions in Middletown**

MIDDLETOWN, N. Y.—The Middletown Extension of the HGSSS completed a ten weeks' course in Fundamental Economics November 18th, but continued in session two more weeks in order to provide a "question and answer" period for the graduates of this and earlier classes. Since the Extension was started in 1935, eight different groups have taken the course and each of these groups was represented in the "question and answer" periods recently held.

**Symposium at Montreal**

MONTREAL, Canada—"Unemployment—Cause and Cure" was the advertised title of a symposium which featured a joint meeting of the League for Social Reconstruction and the Henry George School of Social Science, on the evening of December 8, at Strathcona Hall. The speakers for the L. S. R. were Professor Leonard March of McGill University, and Mr. J. R. Patrie. For the HGSSS, Miss Margaret Bateman, Extension Secretary, and Frank Chodorov of New York, director. About 125 were present. The school representatives confined their talks to the subject of unemployment; the League representatives took pot shots at the Single Tax, and the discussion brought out the novel idea that "labor does not make capital."

**Ninth Hudson Class Closes**

HUDSON, N. Y.—The Hudson extension closed its ninth Columbia county class last month. Robert E. Knarr, president of local Henry George Fellowship, congratulated those who had completed the course and welcomed them into membership.

A business meeting of the Fellowship will be held January 3 to discuss the formation of another "Progress and Poverty" class. For the second time in Hudson, a class on international trade will be given. This class will be open only to those who have completed the elementary course.

**Lectures at Babson Institute**

BOSTON, Mass.—John S. Codman, Dean of the Faculty of the Boston Extension, delivered an address before the student body of the Babson Institute at Wellesley, December 6.

Mr. Codman spoke on "Government Revenue From Privilege Instead of From Industry," before 130 students. Emphasis of the address was upon the economics and social philosophy of Henry George rather than on the "Single Tax" reform, and Mr. Codman pointed out that George advocated the collection of rent, rather than taxes, for the expenses of government. The questions asked by the audience indicated keen interest in the doctrine of freedom through the abolition of privilege.

**Berkeley Commencement**

BERKELEY, Calif.—The Berkeley Extension held its Fall commencement for the 47 students who completed the course in Fundamental Economics at the Alden Library in Oakland, November 27. There were 80 persons present to witness the presentation of certificates and hear a speech by S. Edward Williams on "A Science Struggling to be Born."

## Consider the Case of "Breezy"—Then Go Thou and Do Likewise

She was a good student—learned her lessons well and argued herself out of misunderstanding. But Breezy wasn't satisfied merely to understand. She wanted to do. Ebullient, resourceful and determined, she did the things that best fitted her talents. She decorated the old school house on Seventy-ninth St., organized tea parties, addressed circulars—and sparkled enthusiasm. Everybody loved Breezy.

But, alas!—Breezy must live, and being a plumpish body (since reformed), from which energy seemed to flow with astounding continuity, much nutrition was necessary to keep the inner fire alive. Living meant getting a job, and a job meant moving to Syracuse. And so, Breezy blew out of our milieu, which was consequently less warm. It took a long time to accustom ourselves to being without the continuous hurricane.

J. F. Barak was another student at Seventy-ninth Street, somewhat subsequent to the exodus of Breezy. He studied well and wisely. He is one of those rare scholars who assimilate rather than absorb. In other words, he had that within him that makes for a good teacher of Georgism. But the fortunes of our economic war took him away from us just as we were congratulating ourselves on this faculty acquisition. He accepted a job—in Syracuse.

But Breezy knew not of Barak. And her heart was sad because she could do no more than talk about Henry George to her newly made friends and acquaintances. She wrote us a letter and complained of her enforced inactivity. And we wrote her about Barak, and urged her to get him to teach a class. The Pandora box was opened; Breezy blew out.

The Y. M. C. A. director was not easy to blow over. But Breezy is not like Sweet Afton; her voice is exceeded only by her persistence. And so, after months of plugging and letter writing she started a class at the Y. M. C. A., this past October; and now there are six graduates in Syracuse, and at this writing a new class is in the making, and another group wants a class in another building, and Barak plans to conduct advance courses so that Syracuse may have more teachers next Fall—

And Breezy had no organization to help her. She had only faith in the philosophy of Henry George—and faith in herself.

P. S. Her proper name is Miss Elizabeth S. Breesse, but nobody ever calls her "Miss." The most formal salutation is Betty, but we didn't know this until after we had called her Breezy for a year.

## Chicago Graduates, Collects

CHICAGO, ILL.—Over 400 graduates and guests of the Chicago Extension crowded the ballroom of Hamilton Hotel, Friday evening, December 15, to celebrate the close of the fall term. Hon. Francis Neilson, guest speaker, delivered an address on "Henry George—His Cultural Contribution and Influence."

A thirty-minute stream-lined version of the basic course, presented by the instructors in ten three-minute lessons, featured the commencement. Those who participated in this miniature course were: Lesson I, Joseph W. Sauter; II, John C. Condon; III, Fred J. Levenze; IV, Mrs. Mary Hall Schaub; V, Edward P. Therrio; VI, Malcolm Franklin; VII, Miss Bernice Sanders; VIII, J. Edward Jones; IX, Gellert S. Schnee; and X, John A. Harney.

Clyde G. Bassler, chairman, told of the work of the School and of its financial needs. Over 100 responded with contributions and pledges totaling \$246. Hon. Max M. Korshak, unable to be present, announced by letter that he would match one-third of all contributions. Thus the total raised came to \$328. Apart from printing expenses, this is \$222 short of the requirements for the winter term.

Mrs. Edith Siebenmann, president of the Henry George Woman's Club, directed an efficient staff of the Club's members in collecting contributions and pledges.

Mr. Bassler reviewed the progress of the class work during 1939 which had seen 136 graduates of the basic course in the winter term, 153 in the spring term, and 208 in the current fall term, 22 in the summer term. Over 200 had taken advanced classes. He told of plans for 40 classes in "Progress and Poverty" for the winter term, 21 of which were already definitely scheduled. Sixteen advanced classes are arranged for.

## Condensation of P & P

NEW YORK—The Popular Educator, issue of January 6, will contain a 4000 word condensation of "Progress and Poverty," prepared by Harry Gunnison Brown. George M. Murray, editor of the magazine, which has a 50,000 circulation, will suggest in his editorial that readers interested in a detailed study of Henry George communicate with the School.

## Long Beach on Campus

LONG BEACH, Calif.—Influenced by contact with the School leaders at the Henry George Centenary, Cary Richard Colburn, formerly a teacher of Social Philosophy in the Long Beach Schools, has decided to start a class in Fundamental Economics and Social Philosophy, independent of the public school system. Mr. Colburn, an old time Georgist, is preparing for a class of twenty-five, to begin study this month.

## Starting Again February 5

NEW YORK—The new term will start during the week of February 5. Seventy thousand announcements will be put into the mail on January 15; ten thousand will be distributed by teachers and students. Distribution was begun during last November, outside lecture halls, libraries and schools throughout the city. Over 200 enrollments in classes, and as many for correspondence course, have already been received as a result of this work. These efforts, plus posters liberally distributed and serviced by students, are expected to bring 1500 new students, 500 for advanced courses.

## Mission Class K. C.

KANSAS CITY, Mo.—On December 22 Alton Wright, a graduate of the class conducted by Edward White, organized a class in Fundamental Economics in the negro mission which he and Mrs. Wright conduct.

## Addressograph and Stereopticon

NEW YORK—Alfred N. Chandler, for over fifty years a valiant worker for the Georgist cause in New Jersey, has donated an addressograph machine and a stereopticon projector to the School. The one will be useful in simplifying the mailing of The Freeman, while the projector will make possible the preparation of an illustrated lecture on Georgism.

## St. Louis Commencement

ST. LOUIS, Mo.—Graduation exercises were held this year in the Assembly Hall of the Central Public Library, December 19, at 8 P. M. The program for the evening included the presentation of certificates and response of the students, and a talk by Joseph Forshaw, an active Georgist and prominent St. Louis business man. Plans are now in progress to start several classes beginning during the week of January 8. Noah Alper is the Extension Secretary.

## Codman in Pictures

BOSTON, Mass.—John S. Codman, dean of the Boston faculty, noted engineer and business man, will appear in the forthcoming "March of Time's" first full-length picture "The Ramparts We Watch," to be released shortly. Mr. Codman was selected to play the part of a college president.

## Thomas Turnbull

VICTORIA, B. C.—The passing of Thomas Turnbull, 80, on November 17 last, takes from us another of that valiant group of Georgists who did much to keep the light of truth alive during the past half century. Mr. Turnbull was one of three who published "The Single Tax Advocate" in 1889, in New Westminster, B. C., and it was largely as a result of his efforts that this city instituted its system of exempting improvements from taxation.



## WHO'S WHO IN GEORGISM

Peter Witt



Peter Witt was born in Cleveland, July 24, 1869. His father had been forced to leave Germany in 1848 for his revolt against the goose-stepped tyranny of that day.

The poverty of Peter's family forced him to quit school in the fifth grade to take a job at five dollars a week. At seventeen he got work in a foundry to learn the molders trade. The work was heavy; the pay was small. It was here that the youthful, sensitive, powerful Peter first heard the story of "Progress and Poverty" from his fellow workman, William A. Cronenberger, today one of Cleveland's faithful "old timers."

Later came Tom L. Johnson, traction

### Debate, January 21

NEW YORK—Charles Abrams and Alexander Goldfinger will debate on "Can Public Housing Eliminate the Slum Problem" at the Sunday forum in the Students' Room, at Henry George School of Social Science, January 21, 4 P. M. Mr. Abrams is a lecturer at the New School for Social Research, and consultant for the USHA, author of "Revolution in Land." Mr. Goldfinger is an attorney and HGSSS instructor in Newark, N. J.

### Plans for N. H. Class

EPHING, N. H.—G. E. Rundlett plans to start a class in "Progress and Poverty" toward the end of January. The main difficulty seems to be a place to meet. Students are available.

magnate, who quit the game of making money to give all his time to the advancement of the philosophy of Henry George. One of Johnson's first acts as Mayor in 1900, was to deputize Witt to survey the tax inequalities that had resulted from the iniquitous system of taxation. He dug out valuation figures, applied them to large maps and held public hearings which were heralded over the country as "Peter Witt's Tax School."

Witt was the first to apply the unit rule of land value appraisal developed by City Engineer Somers of St. Paul. This system was used in the Cleveland appraisal of 1910 and has been adopted by hundreds of American cities.

He was elected City Clerk during the four administrations of Mayor Johnson from 1903 to 1910. In 1912 he was appointed traction commissioner by Newton D. Baker, who had succeeded Johnson to the mayoralty. In 1915 Witt made an unsuccessful bid for the office. During the World War he was persecuted for his bitter opposition to America's participation.

Retiring from the City Council after two terms (1923-1927), Witt ran unsuccessfully for the Democratic nomination for governor. In 1929 he was appointed traction counsel for the Van Sweringen interests. His last fling at politics was in 1931 when he was defeated in a race for mayoralty.

In April, 1935, Witt gave a series of seven broadcasts over WGAR on "Economic Ignorance," stressing the philosophy of Henry George as the only solution for the world's economic problems. Over a thousand requests for copies of the broadcasts resulted. Inquirers also received announcements of the first term of the Cleveland Extension of the HGSSS. Nearly 250 enrolled, beginning an educational work that is now in its fourth year.

At each commencement dinner of the HGSSS in Cleveland, Peter Witt is the principal speaker. After a life time in politics he tells graduates that politics is not the way. "Teach!", he advises, "while there is yet time!"

### Rex of Ingram

INGRAM, Pa.—Four influential and intelligent new students have completed a course in Fundamental Economics under the tutelage of S. M. Rex. The class, first held in the Ingram School Building, was completed at his home.

"Enclosed one dollar in recognition for the splendid work you are doing. As my weekly income (in cash) amounts to exactly \$3.00, you may consider my small gifts a widow's mite although I am an old bachelor."  
—Pittsburgh

### A McGlynn Carries On

CHICAGO, ILL.—Paul Kantrowitz, of the HGSSS faculty, is a member of the Catholic University Club, which meets fortnightly to discuss scholastic philosophy and its application to current social problems. Father Thomas McGlynn, grand-nephew of the famous Edward McGlynn, is the chaplain. His father is Frank McGlynn, Jr., well-known actor. Father McGlynn is deeply interested in social problems, his particular activities centering in the Blessed Martin de Porres Social Center for Negroes, in this city.

### New St. Louis Classes

ST. LOUIS, Mo.—Two classes in Fundamental Economics are scheduled for the week of January 8th, one at the Central Library and one at Cabanne Branch Library.

### Speakers Bureau Report

Miss Dorothy Sara, Secretary of the Speakers Bureau, reports following engagements:

Nov. 21—Lancaster M. Greene at Tuesday Forum, New York, on "Depression—Its Cause and Cure."

Nov. 26—Mrs. Erna L. Nash at Hints Point Center, Bronx, N. Y. on "International Trade Relations."

Dec. 6—Miss Teresa McCarthy at St. Luke's Chapel, New York, on "Government in Business."

Dec. 8—Emanuel Choper at Parken Club, Bronx, N. Y. on "Let's Have Democracy."

Dec. 10—Michael J. Bernstein at Free Synagogue, New York, on "Youth's Hope in Democracy."

Dec. 13—Henry A. Lowenberg at Kiwanis Club of Bush Terminal, Brooklyn, N. Y. on "Economic Causes of anti-Semitism."

Dec. 14—Reginald Zalles at Jewish Center Forum, New York, on "Economic Causes of Minority Persecutions."

Dec. 15—Morris Van Veen at Jewish Community Center of Staten Island, St. George, S. I. on "Economic Causes of anti-Semitism."

### ADVANCE DATES BOOKED

Jan. 3—Louis Wallis at Rotary Club, Jamaica, L. I. on "Upsided Taxation."

Jan. 9—Jules A. Guedalia at American Labor Party, Bayside, L. I. on "Idle Money."

Jan. 10—Miss Grace Isabel Colbron at Yonkers League of Women Voters, Yonkers, N. Y. on "Taxation; Just or Unjust."

Jan. 23—William L. Hall (Sec'y Newark HGSSS) at Rotary Club, Ridgewood, N. J. on "Depression—Its Cause and Cure."

Jan. 28—Jules A. Guedalia at St. James Episcopal Church, New York, on "Youth's Hope in Democracy."

Feb. 8—Isadore Flattin at N. Y. Business Institute, Y. M. C. A., W. 63rd St., N. Y. on "Taxes You Pay."

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"No, Mrs. Callahan, we wasn't fighting. He asked me, 'Where was you today?' and I says, 'Oh, I was studying Fundamental Economics and Social Philosophy at the Henry George School of Social Science!'"

## Providence Wins Prize! Contest Continues

Very gratifying has been the response to The Freeman's plea for more and more letters to be written to newspapers and other public educational media. Clippings of Georgist letters have been coming from many parts of the country. The choosing of the prize winners was a pleasant, though a little difficult, task. To the prize winner, John D. Giddings, East Providence, R. I., a copy of Louis Wallis' "By The Waters of Babylon" has been sent. Mr. Giddings' letter, in the Providence Journal, condemned previously published letters which advocated the use of force to stem the advance of alien ideologies. Mr. Giddings pointed to the principles of Henry George as constructive means of removing the root of dissension and "isms." Congratulations John T. Giddings!

Another copy of Mr. Wallis' excellent book was presented to Abraham Ellis, for his explanation of how private constructions of low cost housing is almost impossible under the present system. This letter, published in the New York World-Telegram, excited much interest, produced a letter in reply and a second letter from Mr. Ellis. Congratulations to Abraham Ellis!

The contest is continuous. Send copies of your printed letters to Sandy Wise.